

**RULES
OF
TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTION**

**CHAPTER 0180-15
RULES PERTAINING TO ACQUISITIONS OF FINANCIAL INSTITUTIONS AND HOLDING
COMPANIES**

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0180-15-.01 SCOPE.

- (1) This Chapter establishes rules relating to the application or notification procedures required for the direct or indirect acquisition of banks, savings associations or savings banks. These rules provide the Department with the ability to monitor compliance with the deposit cap which prohibits any bank holding company from acquiring a Tennessee bank if the acquisition would result in the bank or bank holding company controlling thirty percent (30%) or more of the insured deposits in the state. These rules also establish the Department's ability to monitor compliance with the prohibition against any bank or bank holding company acquiring a bank which has not been in operation for five (5) years, subject to any and all exemptions.

Many of these rules are necessary to implement the recent statutory changes which permit interstate banking and branching. Finally, these rules allow the Department to review acquisitions for safety and soundness as a means of preserving state-chartered banks, savings associations and savings banks.

Authority: T.C.A. §§45-1-107, 45-2-1405, 45-3-801, and 45-14-113. **Administrative History:** Original rule filed November 25, 1975; effective December 27, 1975. Amendment filed February 17, 1984; effective May 15, 1984. Repeal and new rule filed December 31, 1996; effective April 30, 1997.

0180-15-.02 DEFINITIONS. As used in this Chapter unless the context requires otherwise:

- (1) "Acquire" means:
 - (a) The merger or consolidation of a financial institution with another financial institution or a financial institution holding company;
 - (b) The direct or indirect acquisition by a financial institution holding company of all or substantially all of the assets of another financial institution holding company or of a financial institution;
 - (c) The acquisition by a bank holding company of direct or indirect ownership or control of voting shares of another bank holding company or bank, if after such acquisition, the bank holding company making the acquisition will directly or indirectly own or control more than twenty-five percent (25%) of any class of voting shares of the other bank holding company or bank;
 - (d) The acquisition by a savings and loan holding company of direct or indirect ownership or control of voting shares of another savings and loan holding company or savings association, if after such acquisition, the savings and loan holding company making the acquisition will directly or indirectly own or control more than five percent (5%) of any class of voting shares of the other savings and loan holding company or savings association; or

(Rule 0180-15-.02, continued)

- (e) Any other action that would result in direct or indirect control by a financial institution holding company or financial institution.
- (2) “In-State Financial Institution” means any bank, savings association or savings bank whose home state is Tennessee.
- (3) “Out-of-State Financial Institution” means a bank, savings association, or savings bank whose home state is a state other than Tennessee.
- (4) “Out-of-State Holding Company” means a holding company whose home state is a state other than Tennessee which has bank, savings association, or savings bank subsidiaries.
- (5) “Tennessee Holding Company” means a holding company whose home state is Tennessee which has bank, savings association, or savings bank subsidiaries.
- (6) “Financial Institution” means a bank, savings association or savings bank.

Authority: T.C.A. §§45-1-107, 45-2-1302, 45-2-1405, 45-3-801, 45-3-1104, 45-3-1402, 45-3-1403, 45-14-103, and 45-14-113. **Administrative History:** Original rule filed November 25, 1975; effective December 27, 1975. Amendment filed February 17, 1984; effective May 15, 1984. Repeal and new rule filed December 31, 1996; effective April 30, 1997.

0180-15-.03 APPLICATIONS.

- (1) An out-of-state holding company, a Tennessee holding company, or out-of-state or in-state financial institution, seeking to acquire, directly or indirectly, a Tennessee state-chartered financial institution where such institution will remain in Tennessee state-chartered institution immediately after the acquisition, shall file with the commissioner of financial institutions:
 - (a) an application in such form as the commissioner may prescribe from time to time; and
 - (b) a copy of the completed application or applications which are filed with the appropriate federal regulatory authority with jurisdiction over the proposed acquisition.
- (2) The application will be accepted as officially filed when, in the sole determination of the commissioner, the application is deemed complete.
- (3) A Tennessee bank holding company or Tennessee-chartered bank seeking to acquire, directly or indirectly, an out-of-state financial institution and merge that institution into a bank chartered by the state of Tennessee, so that the resulting institution is a bank chartered by the state of Tennessee, shall file an application and follow the procedures outlined in T.C.A. §§ 45-2-1304 through 45-2-1306.

Authority: T.C.A. §§45-1-107, 45-2-614, 45-2-1304, 45-2-1405, 45-3-801, 45-3-1102, 45-3-1104, 45-3-1403, 45-14-103, and 45-14-113. **Administrative History:** Original rule filed November 25, 1975; effective December 27, 1975. Amendment filed February 17, 1984; effective May 15, 1984. Repeal and new rule filed December 31, 1996; effective April 30, 1997.

0180-15-.04 NOTICES.

- (1) Any out-of-state holding company, a Tennessee holding company, or out-of-state or in-state financial institution, seeking to acquire, directly or indirectly, a Tennessee state-chartered financial institution shall publish notice of such acquisition if the Tennessee state-chartered institution will remain a Tennessee state-chartered institution immediately after the acquisition. The notice shall be published one time in a newspaper of general circulation in each county in which the acquiring institution and the

(Rule 0180-15-.03, continued)

Tennessee state-chartered financial institution have their main office, commencing the week the application is accepted by the commissioner as officially filed.

- (2) The notice, proof of which shall be submitted to the commissioner, shall specify:
 - (a) the name of the acquirer and the entity being acquired;
 - (b) a brief description of the transaction; and
 - (c) the following statement:

“Any person wishing to comment on this application may file comments in writing with the Commissioner of Financial Institution, Suite 400, Nashville City Center, 511 Union Street, Nashville, TN 37219. Anyone desiring to protest this application may do so if such protest is filed in writing within fifteen (15) days of this publication.”

Authority: T.C.A. §§45-1-107, 45-2-1405, 45-3-801, and 45-14-113. **Administrative History:** Original rule filed November 25, 1975; effective December 27, 1975. Amendment filed February 17, 1984; effective May 15, 1984. Repeal and new rule filed December 31, 1996; effective April 30, 1997. Amendment filed January 21, 1998; effective May 29, 1998.

0180-15-.05 FEES.

- (1) An application to acquire, directly or indirectly, a Tennessee state-chartered financial institution requiring the Commissioner’s approval shall be accompanied by a non-refundable fee as set forth in Rule 0180-7-.08.

Authority: T.C.A. §§45-1-107, 45-2-1405, 45-3-1003, and 45-14-113. **Administrative History:** Original rule filed November 25, 1975; effective December 27, 1975. Amendment filed February 17, 1984; effective May 15, 1984. Repeal and new rule filed December 31, 1996; effective April 30, 1997.

0180-15-.06 NOTIFICATION.

- (1) Any out-of-state holding company, Tennessee holding company, out-of-state or in-state financial institution seeking to acquire, directly or indirectly, a national bank, federal savings association or federal savings bank whose home state is Tennessee, shall provide the department with notice of the proposed acquisition not later than the date on which it files an application with the appropriate regulatory authority with jurisdiction over the proposed acquisition. The applicant shall provide the department with a copy of the application filed with the appropriate regulatory authority.
- (2) Any out-of-state holding company with Tennessee state-chartered financial institutions as subsidiaries or a Tennessee holding company seeking to acquire, directly or indirectly, a bank, savings association or savings bank whose home state is a state other than Tennessee, shall provide the department with notice of the proposed acquisition not later than the date on which an application is filed with the appropriate regulatory authority with jurisdiction over the proposed acquisition. The applicant shall provide the department with a copy of the application filed with the appropriate regulatory authority.
- (3) Any out-of-state financial institution that will be the resulting financial institution pursuant to an interstate acquisition involving a Tennessee state-chartered financial institution shall notify the department of the acquisition not later than the date on which it files an application for an acquisition with the appropriate regulatory authority with jurisdiction over the proposed acquisition. The applicant shall provide the department with a copy of the application filed with the appropriate regulatory authority.

(Rule 0180-15-.06, continued)

Authority: T.C.A. §§45-1-107, 45-2-1405, 45-2-1403, and 45-2-1409. **Administrative History:** Original rule filed November 25, 1975; effective December 27, 1975. Amendment filed February 17, 1984; effective May 15, 1984. Repeal and new rule filed December 31, 1996; effective April 30, 1997.